

MEMO

DATE: November 3, 2005

TO: Regional Council

FROM: Community, Economic and Human Development (CEHD) Committee
Ping Chang, Lead Regional Planner, Data and Monitoring Division
(213) 236-1839, chang@scag.ca.gov

SUBJECT: Highlights of the Draft 2005 State of the Region Report

SUMMARY:

Staff will present highlights of the draft *2005 State of the Region Report* which is scheduled to be published in January 2006.

BACKGROUND:

Since 1998, SCAG has published a *State of the Region* report every year. Staff has prepared the report under the guidance of the Benchmarks Task Force. The list of current membership of the Benchmarks Task Force is included in Attachment 1. In addition, the process for last year's *2004 State of the Region* is also included in Attachment 2 for your information since this year is following a similar process.

The *State of the Region* reports annually on a series of indicators about our region's performance. A primary objective is to assist members of the Regional Council as they determine how the region is doing in meeting the goals in the *Regional Comprehensive Plan and Guide*. Information on the region's performance has also been widely disseminated to assist public officials, business and community leaders in developing appropriate strategies to improve our communities.

The upcoming *2005 State of the Region Report* will provide an assessment on how our six-county region performs on issue areas including Population, Economy, Housing, Transportation, Environment, Education and Safety. The Report also compares the performance of our region with other large metropolitan regions in the nation. Based on the information prepared by staff, the Benchmarks Task Force also develops a Report Card for our region.

At the meeting, staff will present to the Committee highlights of the upcoming *2005 State of the Region Report*. A copy of the Powerpoint presentation is attached.

Summary of draft findings of the *2005 State of the Region Report* includes the following:

1. Population

- In 2004, the region continued to grow faster than the rest of the state and the nation. Population increase of 284,000 people in the region accounted for over 10 percent of the total growth in the nation.
- Riverside County continued to have the fastest growth rate within the state in 2004 while Los Angeles County had the largest increase in absolute numbers.
- About 49 percent of the growth was due to natural increase (i.e. births over deaths), 40 percent was from foreign immigration and 11 percent from net domestic migration. Different sources of growth contributed very differently among counties in the region.
- Among the total population, there has been a declining share of the new immigrants (arrived within the last 10 years), a growing share of the settled immigrants (arrived more than 10 years ago) and the immigrants' second generation.

2. The Economy

- In 2004, the region's job market showed broad-based improvements from the previous year. Total payroll jobs increased 90,000 jobs (1.3 percent) in 2004 after gaining only 22,000 (0.3 percent) in 2003.
- The economic recovery was supported by:
 - the significant increase in residential construction and investment activities, and
 - continuing increase in real consumer spending fueled by the significant increase in home equity due to the surge in housing prices.
- Construction was the leading generator of new jobs in 2004 followed by Leisure and Hospitality, Professional Services and Financial Activities sectors. Job losses in manufacturing in 2004 were much less severe than that in the previous year.
- Unemployment rate in the region, though declined from 6.2 to 6.0 percent between 2003 and 2004, continued to be higher than the national average at 5.5 percent.
- Real average payroll per job (after adjusting for inflation) increased slightly (0.9 percent) in 2003 following the 0.8 percent decline in 2002.
- Real per capita income is estimated to increase close to 2 percent in 2004, the first gain since 2000. Between 2000 and 2003, real per capita income in the SCAG region improved from 82.6% to 85.4% when comparing with the average of the 17 largest metropolitan regions in the nation.
- Real median household income in the region increased by 2.6 percent in 2004, also the first gain since 2000.
- More than 14 percent of residents were in poverty in 2004, little change from 2000.

3. Housing

- In 2004, the region achieved the largest number of building permits (93,000 units) as well as the largest increase (15,000 units) from the previous year since 1989.
- The ratio between population increase and new housing units with building permits was 3.0 in 2004, the lowest since 1995.

- Homeownership rate (57 percent) increased by almost 3 percent since 2000, but continued to be well below the national average (69 percent) and that of the other largest metropolitan regions.
- Sharp increases in home prices significantly outpaced the growth in household income and made housing much less affordable.
- Rental cost burden increased with 54 percent of all renters paying 30 percent or more of their incomes, an increase of 5 percent since 2000.

4. Transportation

- The SCAG region continued to be the most congested region in the nation in 2004.
- The total numbers of highway fatalities in 2004 remained almost the same as in 2003 while the rest of the state decreased by 5 percent.
- Average travel time to work increased slightly from 28.1 to 28.8 minutes between 2003 and 2004.
- Carpool share of work trips decreased from 13 to 11.4 percent between 2003 and 2004.
- Due to the MTA labor union strike in late 2003, total transit annual boardings during FY 2004 (from July 2003 to June 2004) in the region declined by about 2 percent. However, during FY 2005, MTA more than recovered the losses in the previous fiscal year.
- Air passengers increased by 7.2 million (9 percent) from 2003 to 2004 after losing 10 million from 2000 to 2003.

5. The Environment

- Ozone conditions improved significantly in 2004 partly due to milder weather. In particular, the number of days exceeding the Federal 1-hour standard decreased from 68 days in 2003 to 28 days in 2004. The number of days for health advisory in the South Coast Air Basin also dropped from 36 to 4 days during the same period.
- Between 2003 and 2004, the annual average concentration of PM₁₀ continued to exceed the federal standard. In addition, the number of days exceeding the federal 24-hour PM₁₀ standards also decreased in all three non-attainment basins (South Coast, Salton Sea and Mojave Desert) in the region.
- PM_{2.5} exceedance continued but with reduced annual average concentration level.
- CO continued to meet federal attainment standards.

6. Education

- Student test scores for 8th grade continued to perform below the national median except for Orange and Ventura counties. Nevertheless, from 2003 to 2004, there were slight improvements in math test scores throughout the region
- High school dropout rate decreased in Imperial, Orange and Riverside counties but has been increasing in San Bernardino County since 2000.
- Between 2000 and 2004, there were noticeable improvements in educational attainment. During this period, the percentage of adults with at least a high school degree increased from 74 to 77 percent while the percentage of adults with at least a bachelor's degree increased from 25 to 27 percent.
- Persistent racial/ethnic disparity in educational performance.

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7. Safety

- Violent crime rates continued to decline by 10 percent from 2003 to 2004 with the most significant improvements in Imperial and Riverside counties.
- Juvenile felony arrest rates increased by 2 percent from 2003 to 2004, in contrast to the trend of continuous decline between 1990 and 2003.
- Hate crime activities at lowest level since 2001.

ATTACHMENT 1**Benchmarks Task Force Membership**

Hon. Ronald O. Loveridge, Mayor, City of Riverside, Task Force Chair
Hon. Debbie Cook, Councilmember, City of Huntington Beach, Task Force Vice Chair
Hon. Paul Bowlen, Councilmember, City of Cerritos
Hon. Mona Field, Board of Trustees, Los Angeles Community College District
Hon. Paul Nowatka, Councilmember, City of Torrance
Hon. Pam O'Connor, Councilmember, City of Santa Monica
Hon. Bev Perry, City Clerk, City of Brea
Hon. Toni Young, Councilmember, City of Port Hueneme
Rick Bishop, Western Riverside Council of Governments
Kimberly Collins, San Diego State University (Imperial Valley Campus)
Fernando Guerra, Loyola Marymount University
Lee Hanson, California State University, San Bernardino
Dean Kubani, City of Santa Monica Environmental and Public Works
Jerilyn Lopez Mendoza, Environmental Defense
Dowell Myers, University of Southern California
Paul Ong, University of California, Los Angeles
Todd D. Priest, Building Industry Association of Southern California
Anil Puri, California State University, Fullerton
Ty Schuiling, San Bernardino Associated Governments
Arthur J. Shaw, Consulting Economist
Arnold Sherwood, University of California, Berkeley
Jim Stewart, Southern California Council on Environment and Development
Goetz Wolff, Center for Regional Employment Strategies and UCLA

ATTACHMENT 2

The State of the Region 2004 Program A Brief Description of the Objectives and Process

Objectives

1. Tracking and assessing the performance of Southern California in comparison to other metropolitan regions in the nation.
2. Disseminating information on the region's performance to assist public officials, business and community leaders in developing appropriate strategies to improve our communities.
3. Informing and educating community residents on how our region is performing.

Targeted Audiences

1. Elected officials at local, state and federal levels.
2. Business and community leaders.
3. Key agency staff including local government planning directors.
4. Community groups and residents.

Implementation

1. With the guidance of a Benchmarks Task Force, which consists of elected officials and issue expert representatives in the region, SCAG staff collected and analyzed information regarding the performance of the region. Regional performance was assessed with respect to issues including demography, economy, housing, transportation, environment, education and public safety. A Report titled "*The State of the Region 2004*" was then prepared and released on February 3, 2005.
2. A total of 1,000 copies of *The State of the Region 2004* and 2,500 copies of the *Report Cards* have been mailed to many interested parties, including, for example:
 - SCAG Regional Council and Policy Committee members including more than 100 elected officials;
 - Chief County and City Administrators of 193 local governments in the region;
 - local government planning directors;
 - members of the state and congressional delegations; and
 - regional public libraries.
3. The full Report has been posted on the SCAG's home page (www.scag.ca.gov) since February 3, 2005 and has been downloaded more than 45,000 times.

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4. The press conference to release *The State of the Region 2004* on February 3, 2005 received very prominent media coverage throughout Southern California. Report coverage included 26 newspapers (including outside of the region), 7 TV stations and 4 radio stations. Specifically, newspaper coverage included the following:
 - Los Angeles Daily News
 - Orange County Register
 - Riverside Press Enterprise
 - San Bernardino County Sun
 - Inland Valley Daily Bulletin
 - Antelope Valley Press
 - Los Angeles Business Journal
 - Long Beach Press Telegram
 - North County Times
 - Pasadena Star News
 - San Gabriel Valley Tribune
 - Santa Monica Daily Press
 - South Bay Daily Breeze
 - Whittier Daily News
 - Downey Patriot
 - The Lookout (Santa Monica)
 - Temecula Californian
 - Palm Springs Desert Sun
 - Victor Valley Daily Press
 - La Opinion
 - China Press
 - Chinese Daily News
 - Sing Tao
 - Monterey Herald
 - San Jose Mercury News
 - Sarasota Herald Tribune
 - The Washington Times
5. In addition to the media coverage, SCAG staff has also received invitations and made presentations to public and private organizations in the region.
6. *The State of the Region* has been used as course reference materials in universities such as UCLA, UC Riverside and University of Southern California.
7. *The State of the Region* has been identified by the U.S. GAO as an example in the nation that contains a comprehensive indicator system.



Highlights of the Draft 2005 State of the Region

*Regional Council
November 3, 2005*

**Ping Chang, Lead Regional Planner
Data and Monitoring
(chang@scag.ca.gov, 213-236-1839)**

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Overall Approach

- **Guided by the Benchmarks Task Force**
- **Build on the previous assessment of the 1990s**
- **Focus on 2000-2004 change, particularly during 2004**
- **Assess whether our region achieved absolute improvements**
- **Assess how our region performed relative to other large metropolitan regions**

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2005 Report Issue Areas

1. **Population**
2. **The Economy**
3. **Housing**
4. **Transportation**
5. **The Environment**
6. **Education**
7. **Safety**

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Overview of Findings

1. **Fast population growth with major demographic transformations.**
2. **Achieved the first meaningful job growth in 2004 of 90,000 (1.3 percent) since 2000.**
3. **Achieved the first gains in 2004 in real per capita income and median household income since 2000.**
4. **Issued the largest number of residential permits but with record home prices and the lowest level of housing affordability since 1989.**

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Overview of Findings (cont'd)

5. Continued to have the highest level of congestion with carpooling share of work trips dropping by 3 percent since 2000 and corresponding increases in drive-alone commuting.
6. Continued to exceed the federal air quality standards but with noticeable improvements in Ozone, PM10 and PM2.5 partly due to much milder weather.
7. Little progress in student test scores and dropout rates but with improvements in educational attainment since 2000.
8. Continuing decline in violent crime rate but with the first slight increase in juvenile felony arrest rate since 1990.

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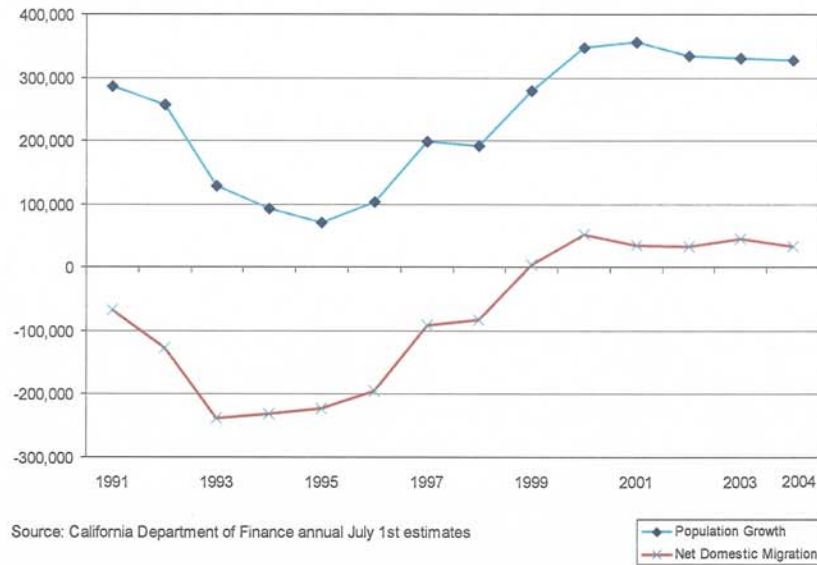


Population

Growth Characteristics
Demographic Dynamics

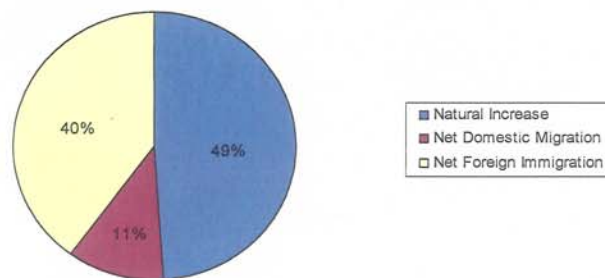
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Population Growth vs. Net Domestic Migration



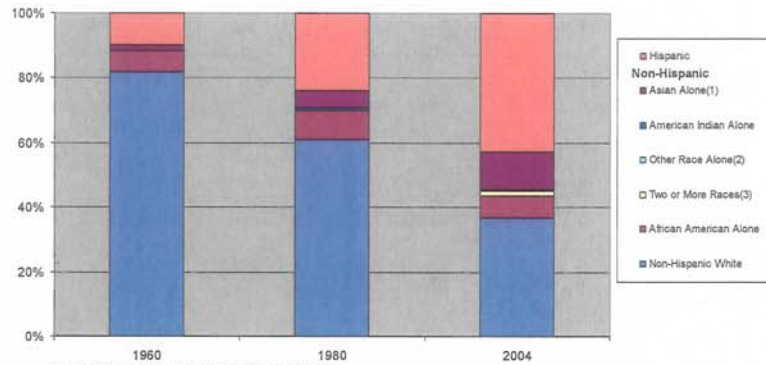
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Population Growth by Types of Source 2000-2004



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Population by Race and Ethnicity

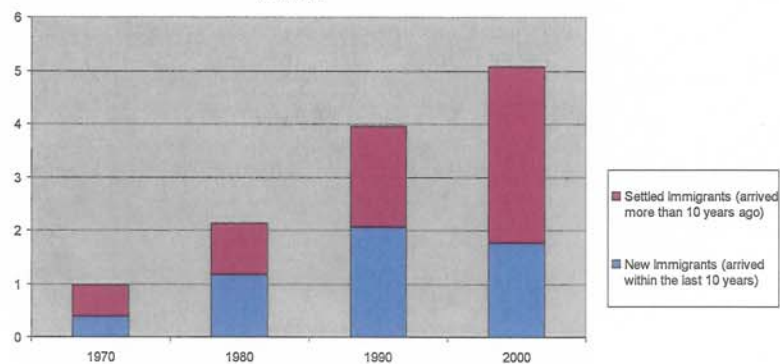


Notes: (1) "Asian Alone" also includes Pacific Islander.
 (2) "Other Race Alone" is too small to be shown (at 0.3 percent in 2004).
 (3) Only the 2004 data included the "Two or More Races" category to which people may choose to belong.
 Source: U.S. Census Bureau. Data in 1960 was estimated by James Allen and Eugene Turner, 2002. *Changing Faces, Changing Places*.

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New Immigrants vs. Settled Immigrants

(Millions)

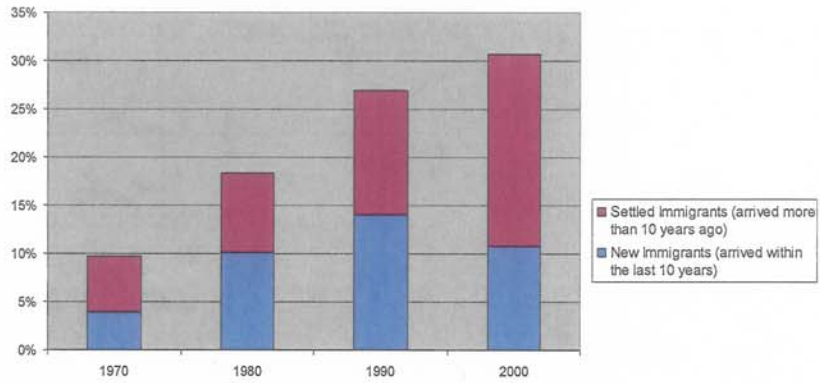


Source: U.S. Census Bureau

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New Immigrants vs. Settled Immigrants

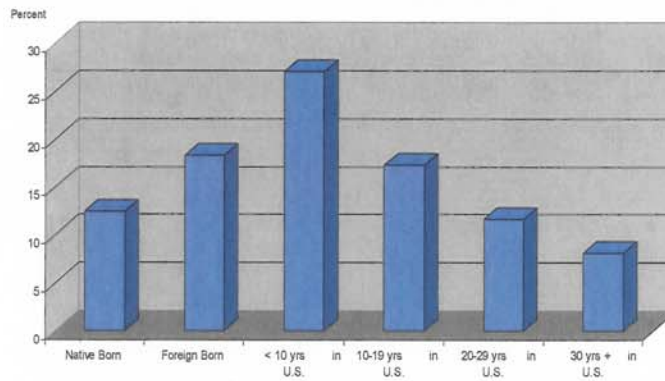
(Share of the Region's Total Population)



Source: U.S. Census Bureau

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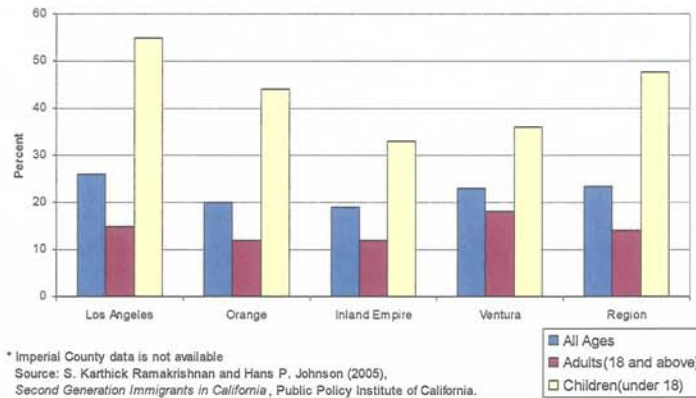
Poverty Rates of Native Born and Foreign Born in California, 2000



Source: USC, Population Dynamics Group. 2001. *Demographic Futures for California*, based on data in the Current Population Survey 2000.

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Immigrants' Second Generation, 2004 (Population Share)



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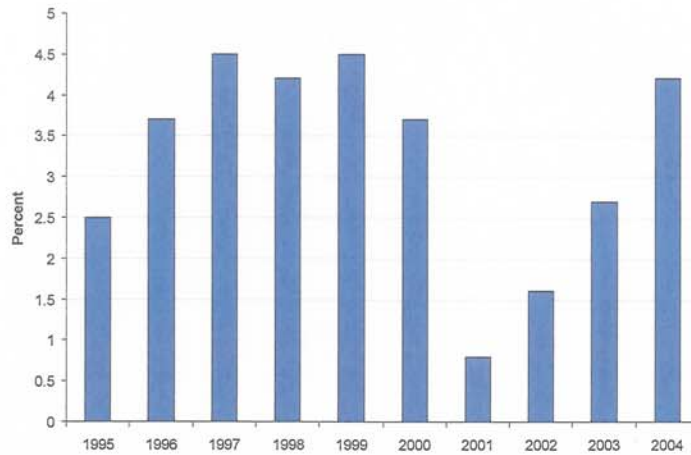


Economy

Employment
Income

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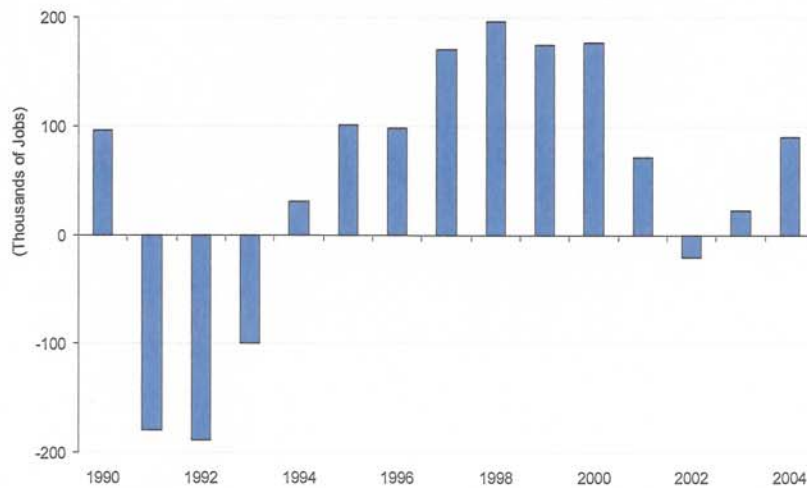
Real Gross Domestic Product (GDP), U.S. (Percent Change from Previous Year)



Source: U.S. Bureau of Economic Analysis

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Wage and Salary Employment (Change from Previous Year)



Source: California Employment Development Department

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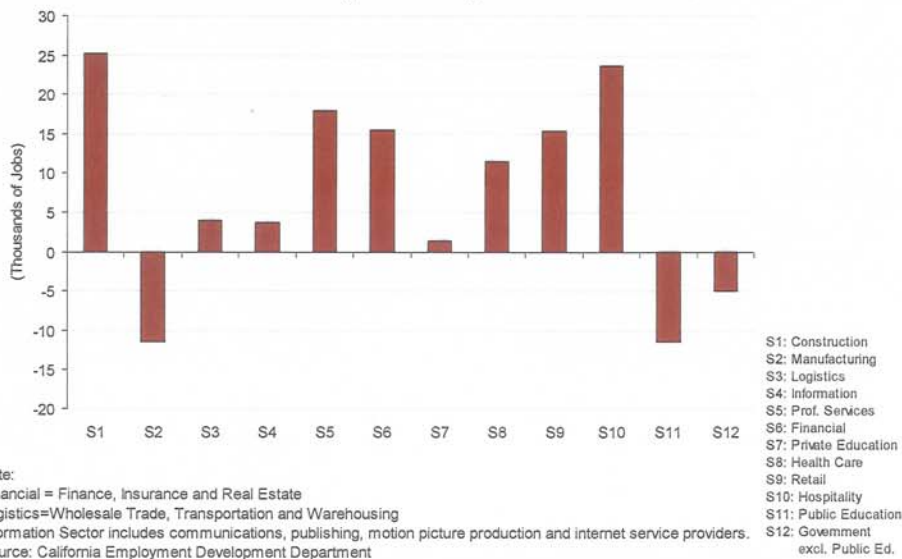
Wage and Salary Employment (000)

County	1990	2000	2002	2003	2004	2002-2003		2003-2004	
						Number	Percent	Number	Percent
Imperial	44.9	50.4	50.8	51.9	51.2	1.1	2.2	-0.7	-1.3
Los Angeles	4,149.5	4,079.8	4,034.6	3,990.8	3,999.7	-43.8	-1.1	8.9	0.2
Orange	1,179.0	1,396.5	1,411.0	1,436.2	1,466.9	25.2	1.8	30.7	2.1
Riverside/ San Bernardino	735.1	1,010.1	1,084.0	1,119.7	1,168.7	35.7	3.3	49.0	4.4
Ventura	247.0	294.3	301.0	304.4	305.7	3.4	1.1	1.3	0.4
Region	6,355.5	6,831.1	6,881.4	6,903.0	6,992.2	21.6	0.3	89.2	1.3
Rest of California	6,507.9	8,065.6	7,949.1	7,866.7	7,916.9	-82.4	-1.0	50.2	0.6
California	12,863.4	14,896.7	14,830.5	14,769.7	14,909.1	-60.8	-0.4	139.4	0.9
U.S.	109,403.0	131,785.0	130,341.0	129,999.0	131,480.0	-342.0	-0.3	1,481.0	1.1

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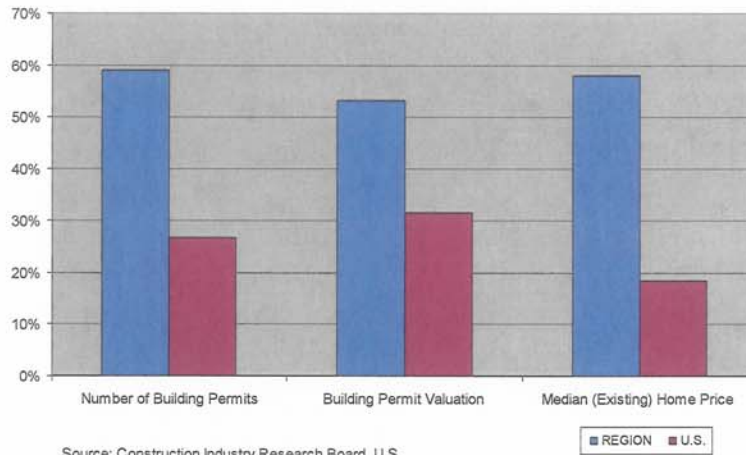
Employment Change by Selected Sectors

(2003-2004)



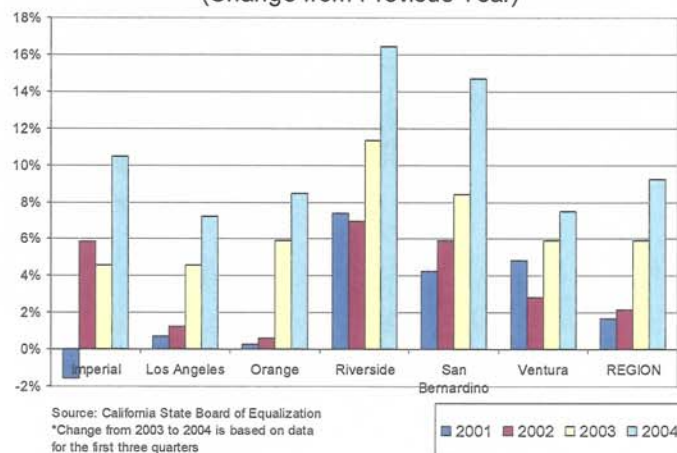
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Building Permits and Home Prices, 2001-2004 (Percent Change)



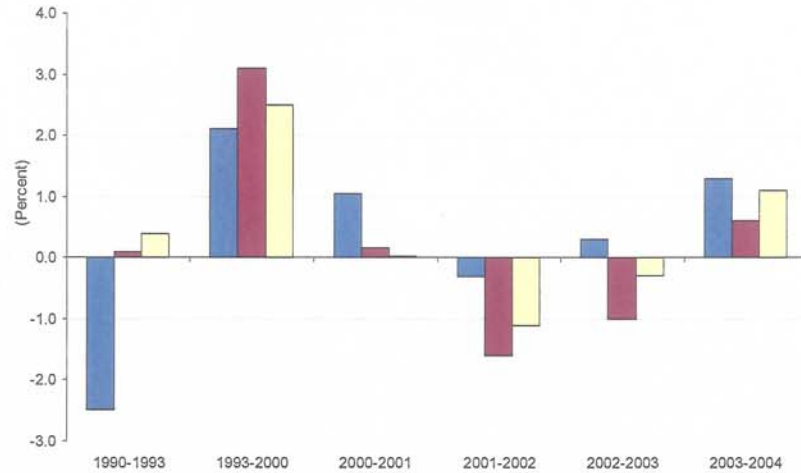
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Taxable Sales (Change from Previous Year)



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Employment Change (Annual Average)

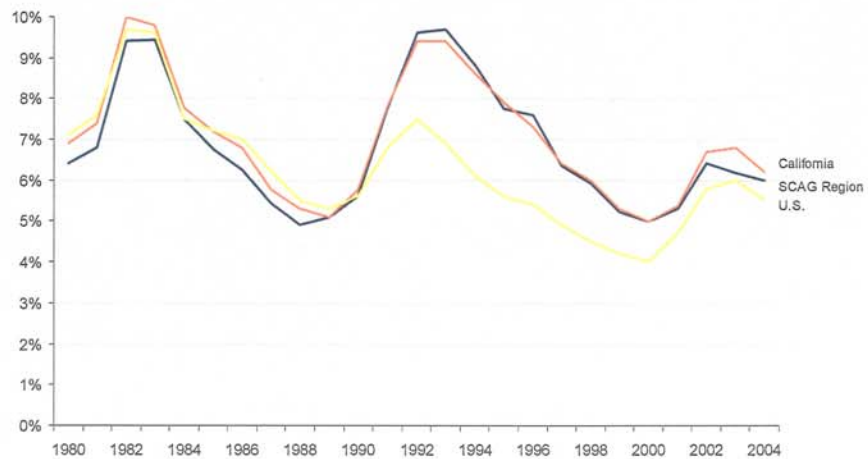


Source: California Employment Development Department and Council of Economic Advisers

■ Region
■ Rest of California
□ U.S.

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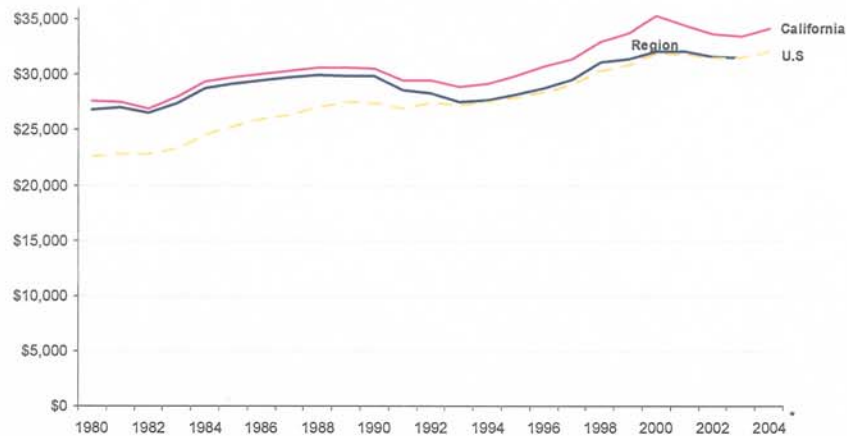
Unemployment Rate



Source: California Employment Development Department

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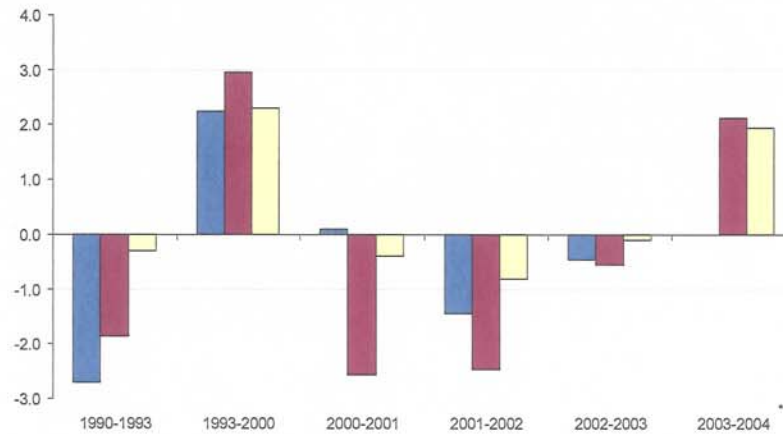
Real Personal Income Per Capita (2003 Dollars)



* Official data for the SCAG region in 2004 is not available
Source: U.S. Bureau of Economic Analysis

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Growth of Real Personal Income Per Capita (Annual Average)



* Official data for the SCAG region is not available
Source: U.S. Bureau of Economic Analysis

■ REGION ■ CA □ US

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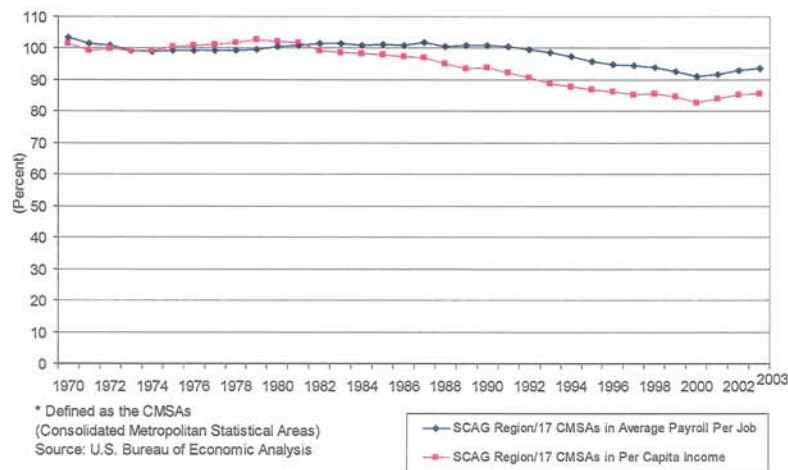


Real median household income

- Increased by 2.6% between 2003 and 2004 while remained the same at the national and state levels
- first gain since 2000

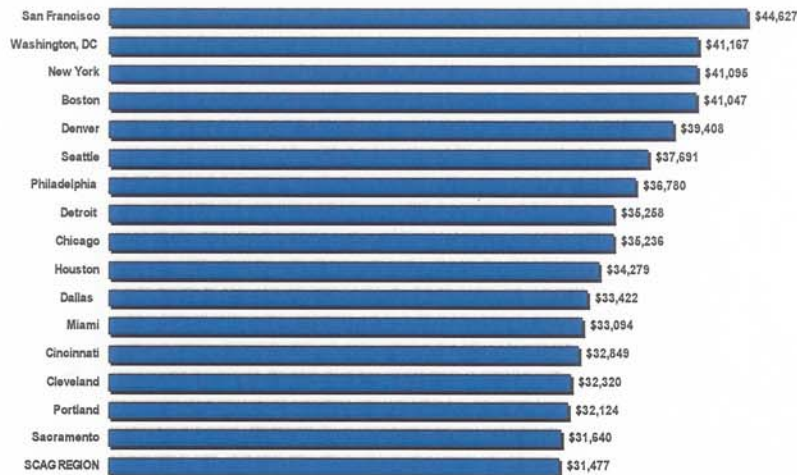
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**SCAG Region vs.
17 Largest Metropolitan Regions**
(Average Payroll Per Job and Per Capita Personal Income)



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Per Capita Income by Metropolitan Region, 2003



Source: U.S. Bureau of Economic Analysis

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Poverty rates

- More than 14% with little change from 2003
- Remained higher than the state (13.3%) and the nation (13.1%)

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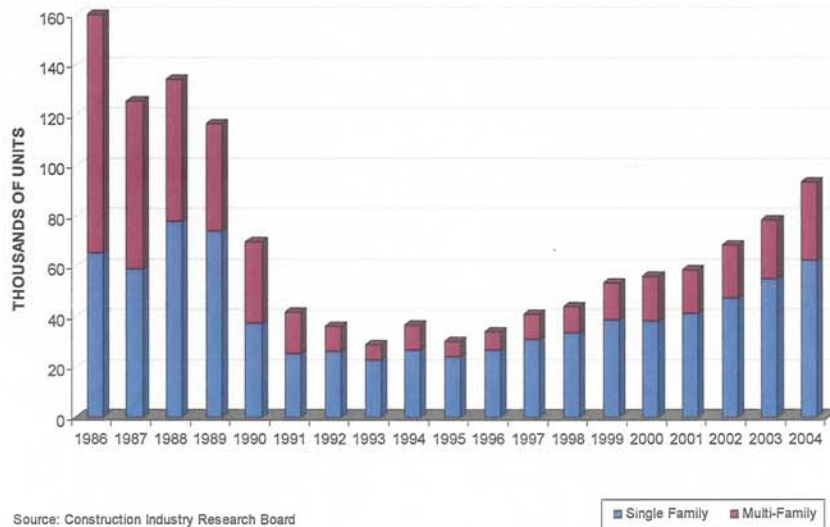


Housing

Housing construction
Homeownership rates
Housing affordability
Crowded housing

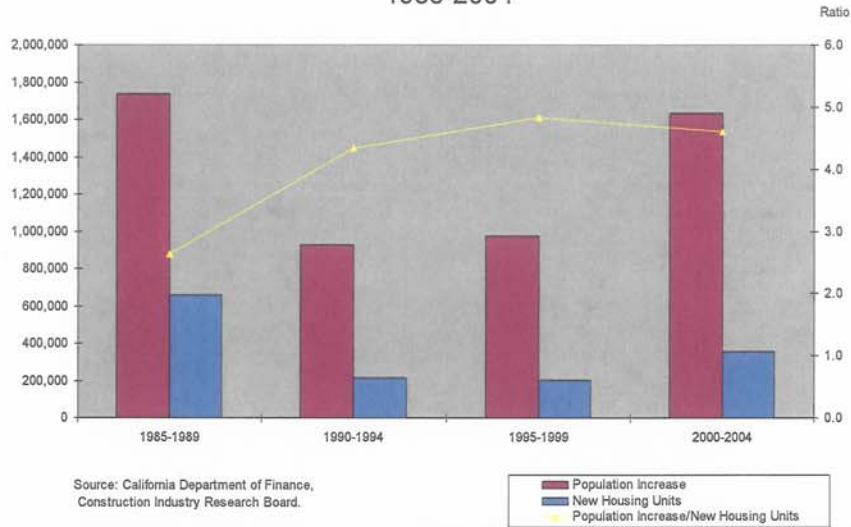
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Residential Building Permit Activity



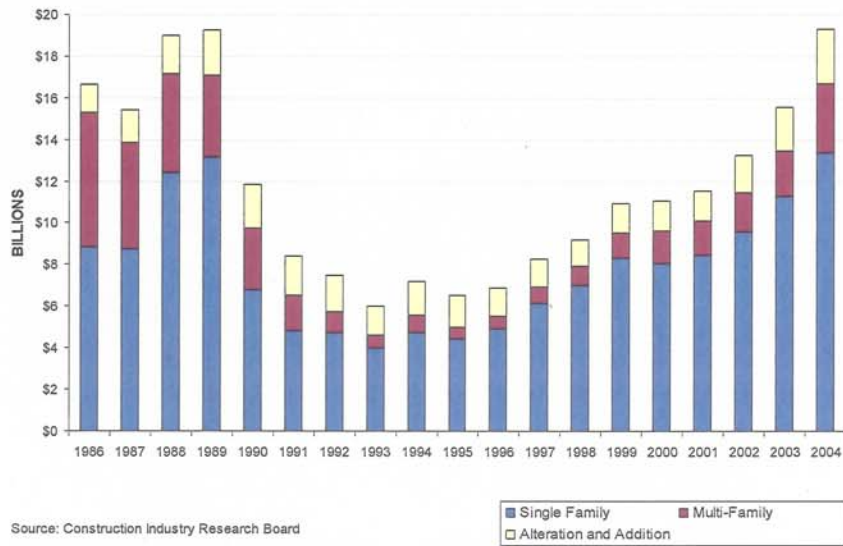
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Population Increase vs. New Housing Units 1985-2004



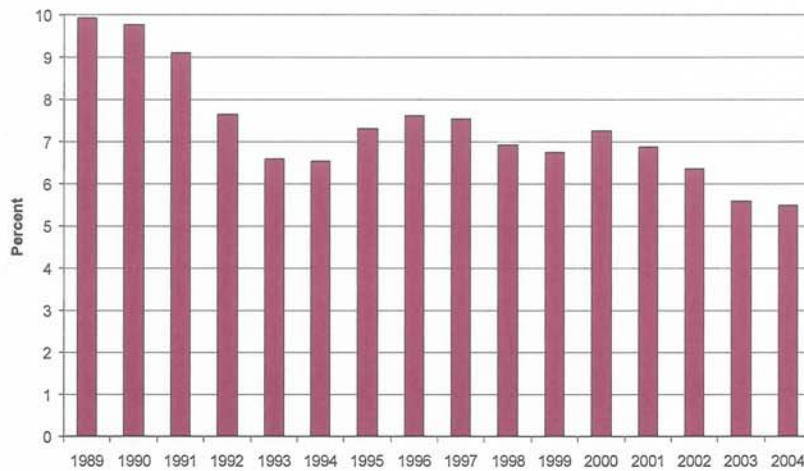
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Valuation of Residential Building Permits



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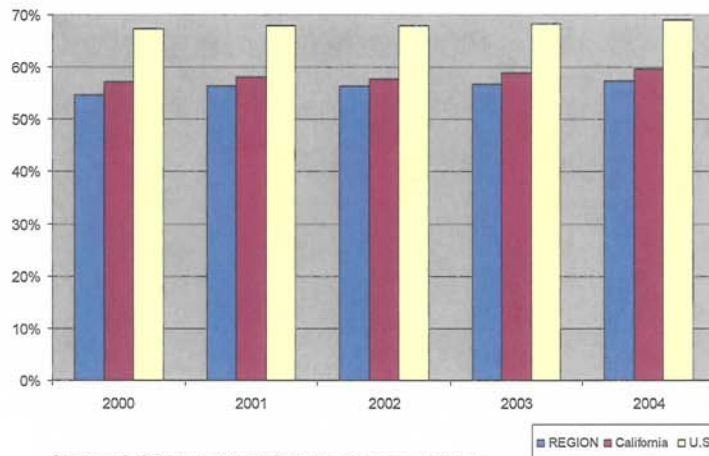
Average Mortgage Rate



Source: Real Estate Research Council of Southern California

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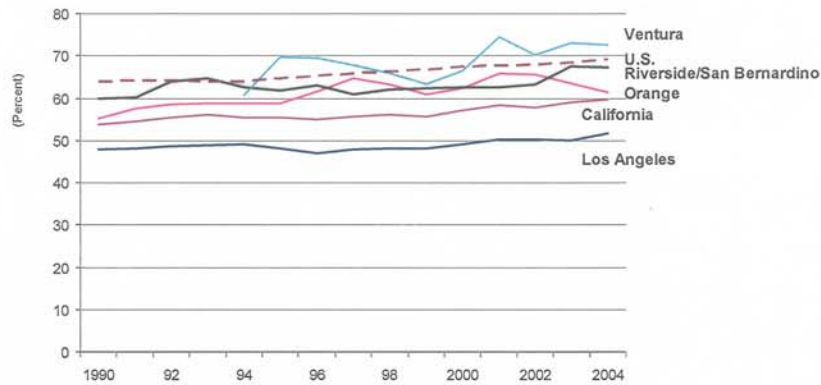
Homeownership Rates



Source: U.S. Census Bureau and California Department of Finance

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Homeownership Rates

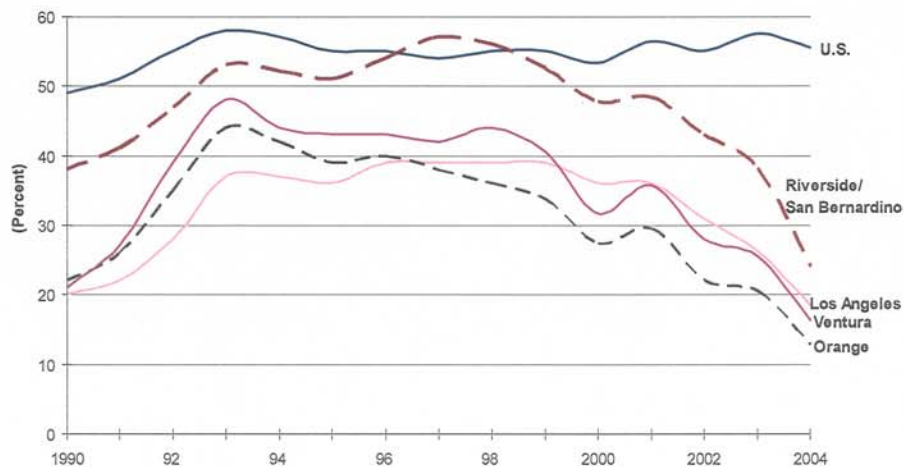


Source: U.S. Census Bureau. Ventura County annual data started from 1994. Imperial County's homeownership rate was 58 percent in both 1990 and 2000, other annual data unavailable.

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Housing Affordability

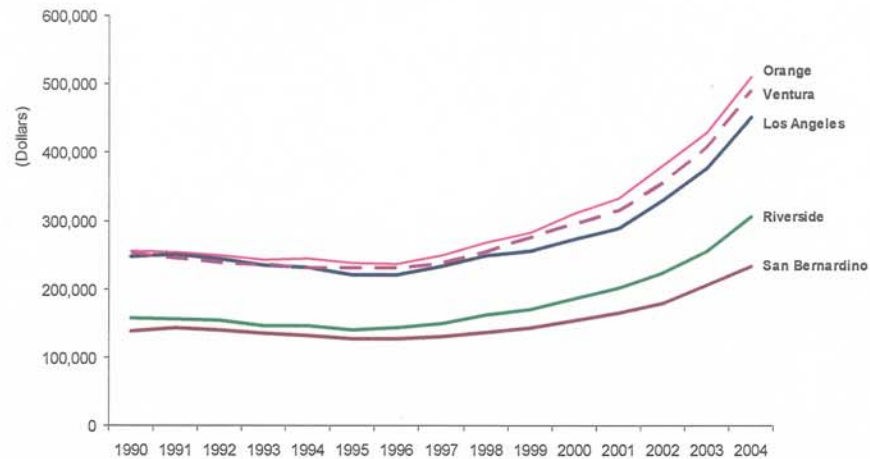
(Percent of Households Who Can Afford to Purchase a Median-Priced Home)



* Data for Imperial County is not available
Source: California Association of Realtors

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Average Home Price (New and Existing in Current Dollars)

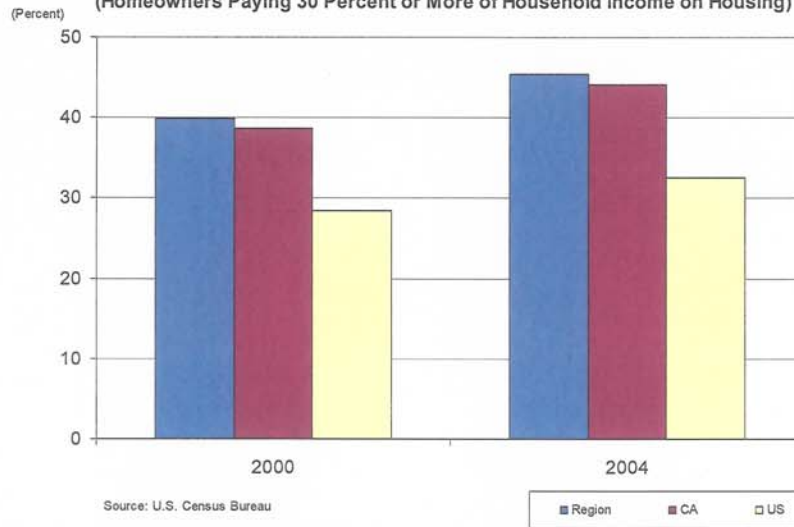


Source: Real Estate Research Council of Southern California, Imperial county data not available.

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Housing Cost Burden


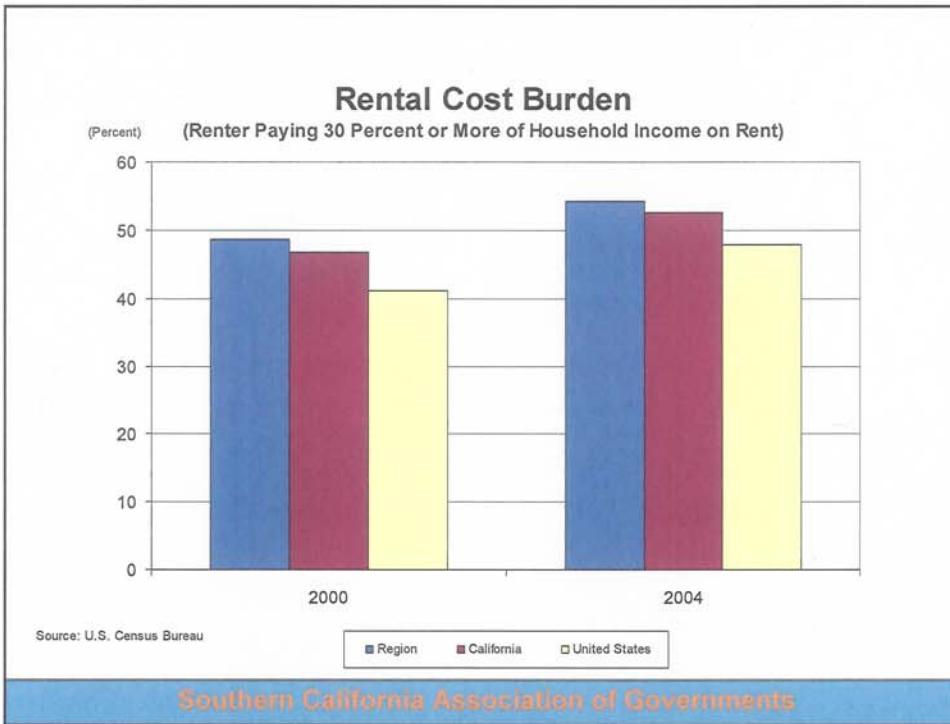
(Homeowners Paying 30 Percent or More of Household Income on Housing)



Source: U.S. Census Bureau

■ Region ■ CA □ US

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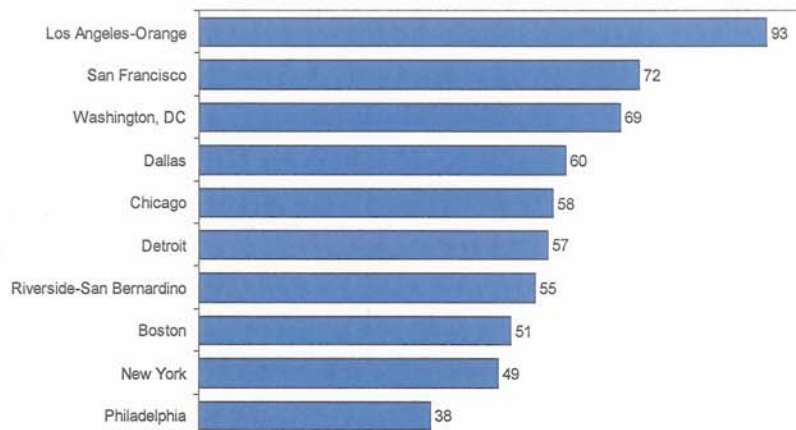


Mobility

Congestion
Highway fatalities
Transit boardings
Mode choices for work trips

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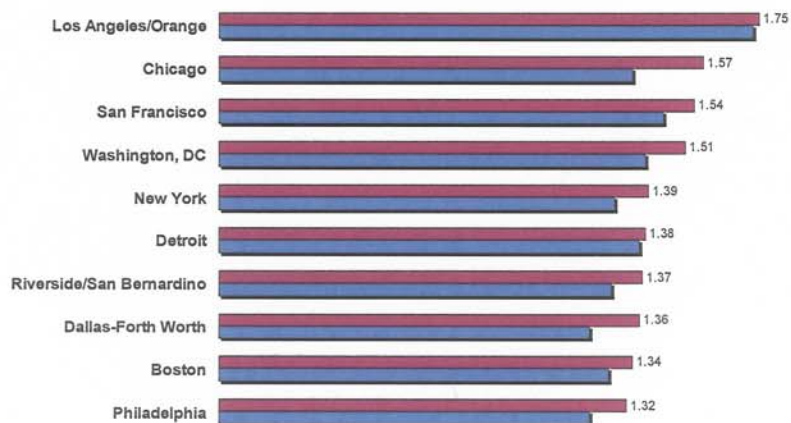
Annual Hours of Delay per Traveler by Metropolitan Area, 2003



Source: Texas Transportation Institute

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Peak Period Travel Time Index by Metropolitan Area

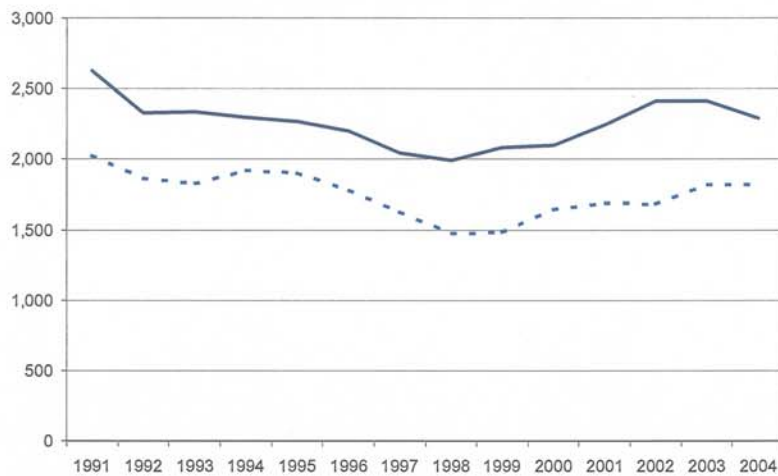


* Travel time index is the ratio of peak period travel time to free flow travel time.
Source: Texas Transportation Institute

■ 2003
■ 1993

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Highway Accident Fatalities

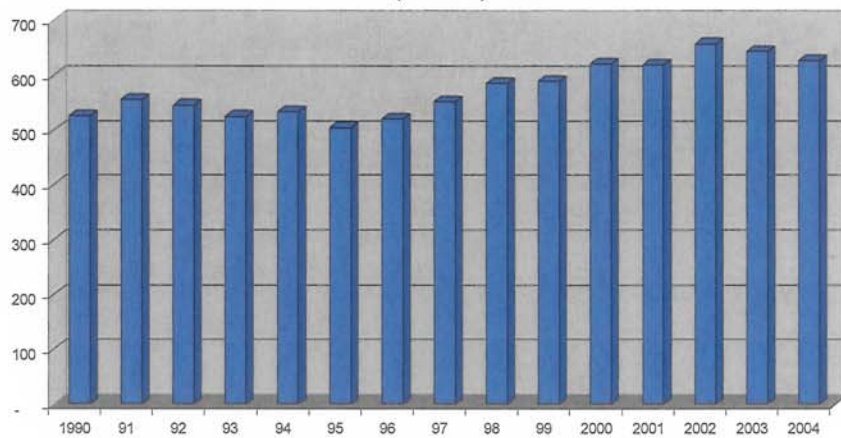


Source: California Highway Patrol with 2004 preliminary data

— Rest of California
- - Region

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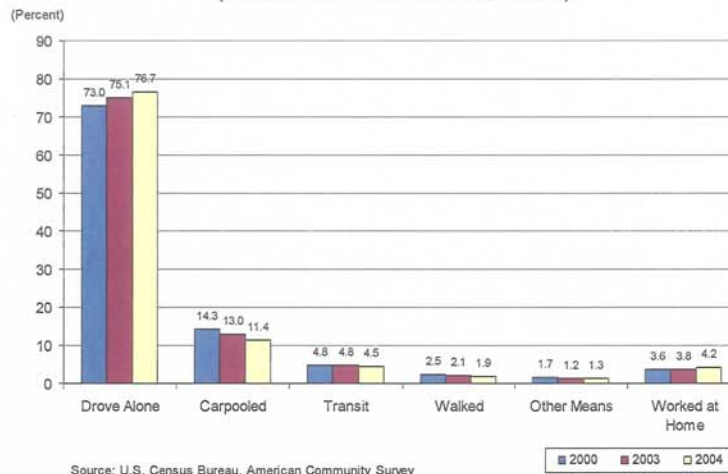
Transit Boardings - All Major Operators (Millions)



Source: National Transit Database by fiscal year and SCAG including preliminary estimates for 2004 data.

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Mode Choice to Work (Workers 16 Years and Over)



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Environment

Air Quality

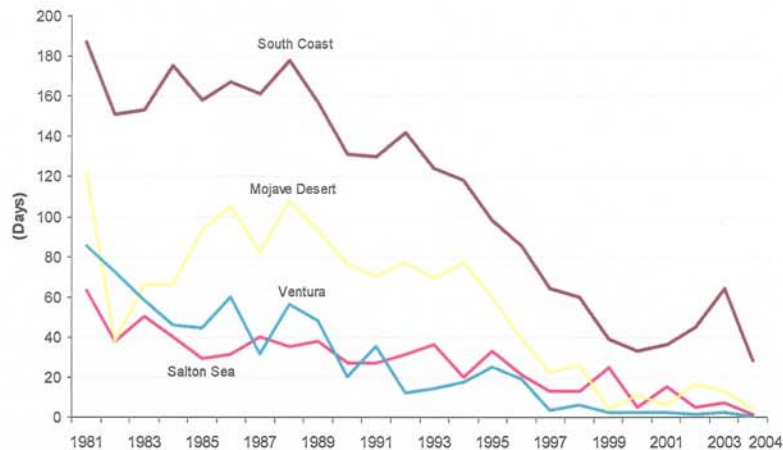
Water Resources

Solid Waste

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Ozone Pollution in Non-attainment Air Basins

(Number of Days Exceeding Federal One-Hour Standard)



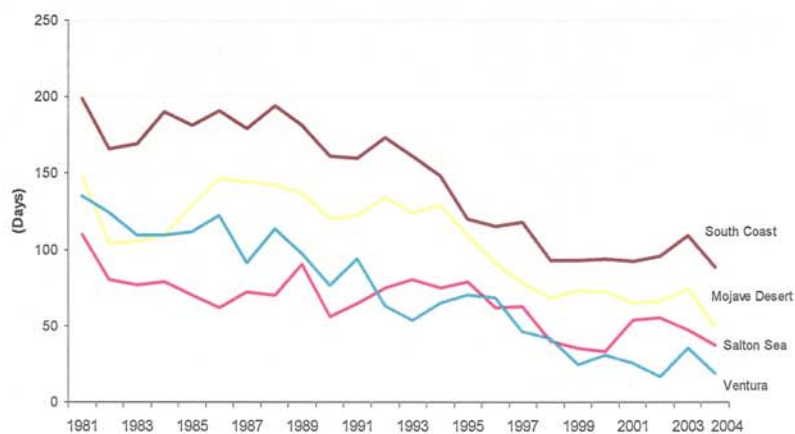
* Ventura County is part of the South Central Coast Air Basin

Source: California Air Resources Board and South Coast Air Quality Management District

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Ozone Pollution in Non-attainment Air Basins

(Number of Days Exceeding Federal Eight-Hour Standard)



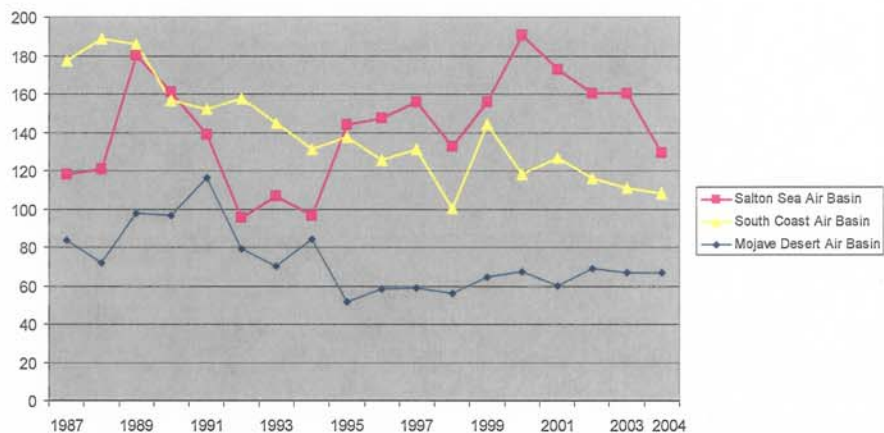
* Ventura County is part of the South Central Coast Air Basin

Source: California Air Resources Board and South Coast Air Quality Management District

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PM₁₀ in Non-attainment Air Basins

(Percent of Federal Annual Average Standard*)



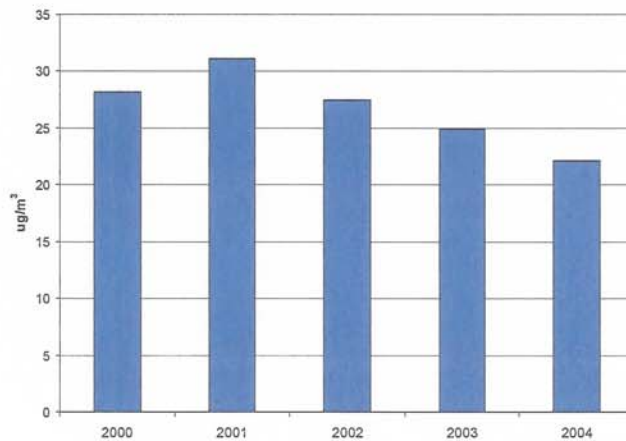
* Above 100 percent means exceeding the federal standard. Also PM₁₀ condition may be impacted significantly by natural events or pollution transport.

Source: California Air Resources Board

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PM_{2.5} Pollution in the South Coast Air Basin

(Annual Average Concentration*)



* Federal annual average standard for PM_{2.5} is 15 ug/m³
Source: South Coast Air Quality Management District

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Education

Test scores for 8th grade
High school dropout rates
High school graduates meeting
UC/CSU entrance requirements
Educational attainment
Racial/ethnic disparity

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Math Test Scores for 8th Grade
(National Percentile Rank of Average Student Score)

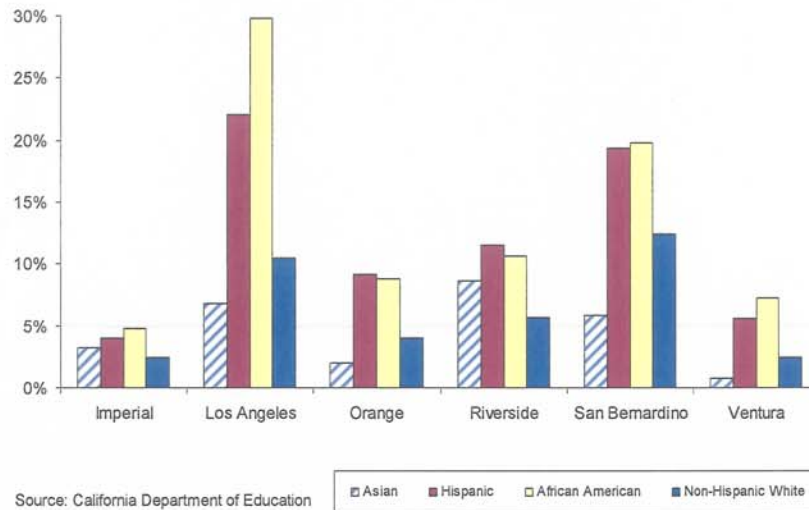


Source: California Department of Education

*California switched from using the SAT/9 score in 2002 to the CAT/6 score in 2003. The CAT/6 2002 score is not actual, but predicted, based on the SAT/9 2002 score. It can be compared to the CAT/6 2003 score to see movement.

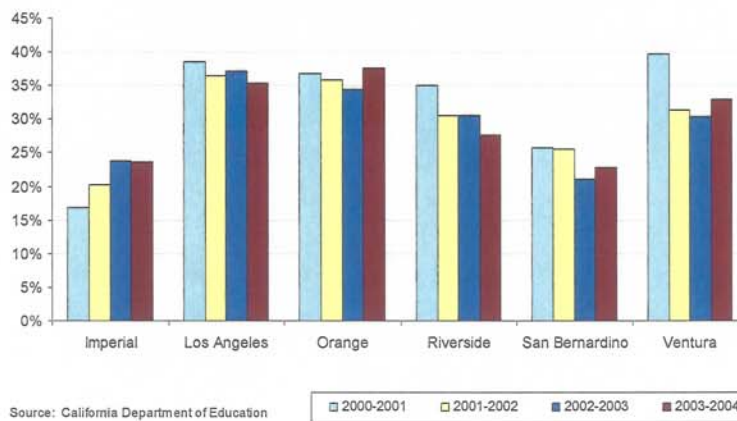
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Dropout Rates by Race/Ethnicity in Public High Schools, 2003-2004



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High School Graduates Completing Courses Required for UC or CSU Entrance



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Educational attainment

**- Improvements during 2000-2004
while percentages of adults with
at least a high school diploma
(+3% to 77%) and at least a
bachelor's degree (+2% to 27%)**

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Safety

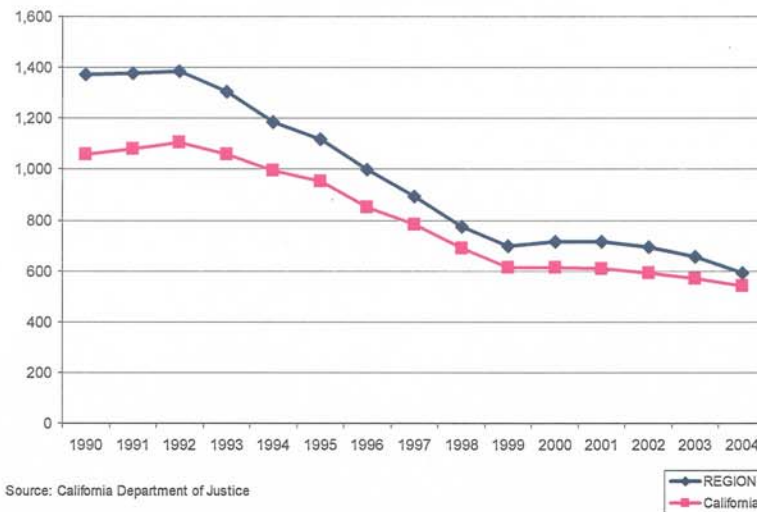
Violent crime rates

Juvenile felony arrest rates

Hate crime activities

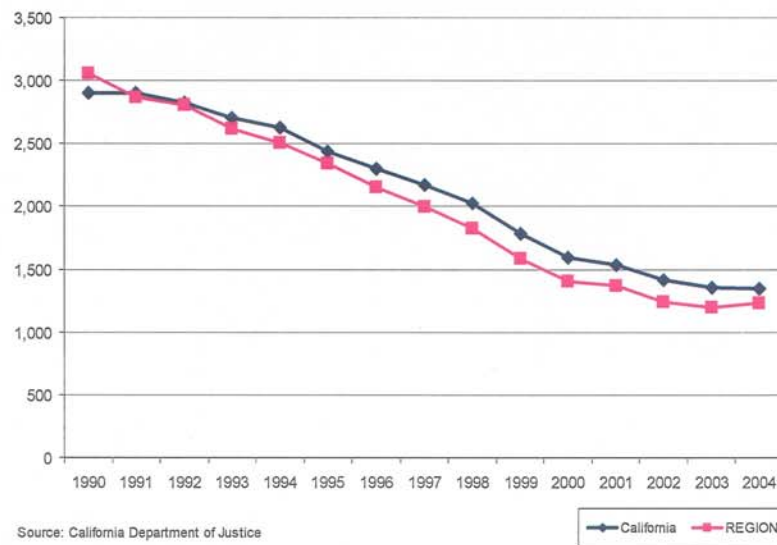
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Violent Crimes (Per 100,000 Population)



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Juvenile Felony Arrests (Per 100,000 Population Aged 10-17)



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End of Presentation

Thank You!
Questions?
Comments?

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